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Mexico

Dairy and Products

Dairy Annual

2007

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Report Highlights:
Imports of dairy products have grown dramatically over the past decade, a trend that is expected to continue over the long term given tariff elimination under the NAFTA, as well as population and income growth in Mexico. Mexico's domestic milk production is expected to increase at a moderate rate for the foreseeable future, but not enough to satisfy increasing domestic demand. Thus, Mexico will continue to be the most important export market for U.S. dairy products in the near term.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
Mexico [MX1]
[MX]

TABLE OF CONTENTS

SECTION I. SITUATION AND OUTLOOK

Mexico continues to be a major market for U.S. non-fat dry milk (NFDM) butter, cheese, and fluid milk. After a significant decline in 2006, precipitated by a price shock and changes to Mexican federal policies, U.S. exports of non-fat dry milk to Mexico are expected to rebound in 2007. In addition to milk powders, Mexico has become a major importer of U.S. dairy blends, lactose, and whey powder. In fact, U.S. whey powder exports to Mexico from January to August 2007 are up by nearly 97 percent relative to the same period in 2006.

Representatives from major dairy product importers, as well as representatives from several of Mexico's larger dairy product producers, have commented that because of non-TRQ imports and over-quota import authorizations, the Mexican dairy sector is already competing in a virtually open market in North America. Consequently, importers are cautiously optimistic that the final phase-out of tariff-rate quotas (TRQs) on NFDM, which coincides with the full NAFTA implementation on January 1, 2008, will happen smoothly and with relatively few complaints from the domestic industry. Nevertheless, the government and other interested parties will be carefully monitoring the effects of more open trade on producers and prices in coming years.

Data included in this report is not official USDA data. Official USDA data is available at: http://www.fas.usda.gov/psd

SECTION II. STATISTICAL TABLES

PS&D Dairy, Milk, Fluid

PSD Table									
Country	Mexico								
Commodity	Dairy, Milk, Fluid						(1000 HEAD)(1000 MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Cows In Milk	6875	6875	6875	6885	6885	6885			6887
Cows Milk Production	10051	10051	10051	10100	10100	10100			10185
Other Milk Production	163	163	163	165	165	165			168
Total Production	10214	10214	10214	10265	10265	10265			10353
Other Imports	56	56	43	70	70	50			50
Total Imports	56	56	43	70	70	50			50
Total Supply	10270	10270	10257	10335	10335	10315			10403
Other Exports	0	0	0	0	0	0			0
Total Exports	0	0	0	0	0	0			0
Fluid Use Dom. Consum.	4305	4305	4305	4344	4344	4344			4350
Factory Use Consum.	5965	5965	5952	5991	5991	5971			6053
Feed Use Dom. Consum.	0	0	0	0	0	0			0
Total Dom. Consumption	10270	10270	10257	10335	10335	10315			10403
Total Distribution	10270	10270	10257	10335	10335	10315			10403

PS&D Dairy, Cheese

PSD Table									
Country	**Mexico**								
Commodity	**Dairy, Cheese**						(1000 MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Beginning Stocks	0	0	0	0	0	0			0
Production	145	145	145	147	147	147			150
Other Imports	86	86	86	88	88	88			90
Total Imports	86	86	86	88	88	88			90
Total Supply	231	231	231	235	235	235			240
Other Exports	2	2	2	2	2	2			2
Total Exports	2	2	2	2	2	2			2
Human Dom. Consumption	229	229	229	233	233	233			238
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	229	229	229	233	233	233			238
Total Use	231	231	231	235	235	235			240
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	231	231	231	235	235	235			240

PS&D Dairy, Butter

PSD Table									
Country	**Mexico**								
Commodity	**Dairy, Butter**						(1000 MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Beginning Stocks	0	0	0	0	0	0			0
Production	109	109	109	110	110	121			123
Other Imports	49	49	49	50	50	50			50
Total Imports	49	49	49	50	50	50			50
Total Supply	158	158	158	160	160	171			173
Other Exports	0	0	0	0	0	0			0
Total Exports	0	0	0	0	0	0			0
Domestic Consumption	158	158	158	160	160	171			173
Total Use	158	158	158	160	160	171			173
Ending Stocks	0	0	0	0	0	0			0
Total Distribution	158	158	158	160	160	171			173

PS&D Dairy, Milk, Nonfat Dry

PSD Table									
Country	Mexico								
Commodity	Dairy, Milk, Nonfat Dry						(1000 MT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Beginning Stocks	20	20	20	20	20	20			20
Production	183	183	183	190	190	190			195
Other Imports	111	111	111	110	110	110			135
Total Imports	111	111	111	110	110	110			135
Total Supply	314	314	314	320	320	320			350
Other Exports	0	0	0	0	0	0			0
Total Exports	0	0	0	0	0	0			0
Human Dom. Consumption	294	294	294	300	300	300			330
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	294	294	294	300	300	300			330
Total Use	294	294	294	300	300	300			330
Ending Stocks	20	20	20	20	20	20			20
Total Distribution	314	314	314	320	320	320			350

NOTE: The above production figures include both WMP and NFDM as production figures for these two products are not regularly separated or registered separately.
Industry sources believe Mexico's production of WMP is around 80 percent of total production.

PRODUCTION OF FLUID MILK BY STATE

(000 LITERS)

STATES	2005	2006	2007*	% Change 06/07
AGUASCALIENTES	390,675	388,373	386,450	(0.50)
BAJA CALIFORNIA	187,753	171,569	173,312	1.02
BAJA CALIFORNIA SUR	42,551	44,625	43,628	(2.29)
CAMPECHE	33,711	33,633	36,386	8.19
COAHUILA	1,178,010	1,246,739	1,266,750	1.61
COLIMA	34,064	39,037	35,790	(9.07)
CHIAPAS	299,035	334,629	322,244	(3.84)
CHIHUAHUA	801,321	816,551	818,184	0.20
MEXICO CITY	12,960	13,142	11,965	(9.84)
DURANGO	949,568	1,013,417	1,021,545	0.80
GUANAJUATO	647,028	665,187	660,508	(0.71)
GUERRERO	80,422	81,521	81,618	0.12
HIDALGO	412,772	445,464	458,677	2.97
JALISCO	1,709,932	1,679,842	1,732,103	(0.18)
MEXICO	470,721	463,777	465,865	3.11
MICHOACAN	325,947	325,795	326,255	0.14
MORELOS	18,126	18,724	21,343	13.9
NAYARIT	65,531	64,761	66,820	3.18
NUEVO LEON	38,280	39,370	40,122	1.91
OAXACA	139,354	140,720	144,565	2.73
PUEBLA	364,290	365,213	365,538	0.09
QUERETARO	210,147	198,488	206,505	4.04
QUINTANA ROO	5,250	5,559	6,094	9.62
SAN LUIS POTOSI	142,624	149,638	147,408	(1.51)
SINALOA	80,974	80,990	87,418	7.94
SONORA	132,606	140,726	141,643	0.65
TABASCO	107,443	118,405	116,770	(1.40)
TAMAULIPAS	29,985	30,908	29,737	(3.94)
TLAXCALA	96,434	99,158	110,610	11.55
VERACRUZ	682,251	670,035	686,798	2.50
YUCATAN	6,788	6,768	9,678	43.00
ZACATECAS	158,236	163,100	161,317	(1.11)
TOTAL	9,854,805	10,050,721	10,183,546	1.32

SOURCE: Agriculture Secretariat (SAGARPA)

* SAGARPA's Revised Forecast figures for 2007

MEXICO'S MONTHLY FLUID MILK PRODUCTION
(000 LITERS)

MONTH	2005	2006	2007*	% Change 05/06
JANUARY	757,432	773,554	815,738	2.13
FEBRUARY	744,403	763,769	790,113	2.60
MARCH	764,056	772,372	817,126	1.09
APRIL	773,643	788,637	821,991	1.94
MAY	793,726	802,565	852,329	1.11
JUNE	822,665	820,644	851,104	(0.25)
JULY	877,445	891,210	898,130	1.57
AUGUST	896,477	904,480	N/A	0.89
SEPTEMBER	903,357	898,671	N/A	(0.52)
OCTOBER	879,657	890,779	N/A	1.26
NOVEMBER	841,014	864,392	N/A	2.78
DECEMBER	800,928	879,646	N/A	9.83
TOTAL	9,854,805	10,050,721	N/A	1.99

SOURCE: Agriculture Secretariat (SAGARPA)
*Preliminary figures from SAGARPA for 2007

SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY & MARKETING

NOTE: The policy and marketing section for all dairy products is located at the end of this report.

Fluid Milk

Production

In Mexico milk production is segmented by the type of operation. There are three principal systems of milk production; the confined production system, the semi-confined production system, and the dual purpose system. Dairy farms range from large modern operations, located mainly in northern Mexico, to medium, small, and backyard operations more commonly found in central and southern Mexico. Low yielding dual-purpose operations account for two-thirds of cows in milk. The total number of dairy cows has remained essentially unchanged since 2000, at just over 6.8 million head. This figure is composed of 2.2 million head of dairy cows, the remaining 4.6 million head being dual purpose cows. More sophisticated producers continue to make modest productivity gains through improved genetics and herd management practices. A description of the three milk production systems in Mexico is as follows.

<u>Confined Production System</u> - Confined production systems are used in the northern states and are similar to the confined systems used in the U.S. The cows (95 percent Holstien) are grain-fed 20-22 lbs./day) and produce larger quantities of milk than cows in other systems. Given the scarcity of water in these states, feeding efficiency is especially important.

Dairy producers in this category were initially impacted by a ban on imports of U.S. and Canadian replacement heifers and bulls after the detection of BSE in both countries. As a result heifer and bull exports from New Zealand and Australia were able to gain market share in Mexico, as dairy producers looked to other markets for livestock supply. In October of 2006 the Mexican government changed their import rules and allowed for the entrance of U.S. replacement heifers. However, since this time relatively few head of replacement heifers have been exported to Mexico from the U.S. because of the strict conditions imposed on the industry under the new import protocol. In CY 2006 the United States exported to Mexico a total of 797 head of replacement heifers. Through June of 2007 U.S exports to Mexico have reached 1,966 head. New Zealand and Australia are still the leading exporters of dairy cattle to Mexico. In CY 2006, New Zealand exported to Mexico 25,084 head, while Australia exported 11,260 head. Through June of 2007 Australia has exported 6,197 head and New Zealand has exported 18,725.

<u>Semi-Confined System</u> - Semi-confined systems, which include many subsistence producers, exist primarily in the central states. Cows in these operations are fed a mixture of grains and grasses (11-13 lbs./day). These operations are more productive than the dual-purpose systems, but significantly less productive than the confined production systems.

<u>Dual-Purpose System</u> - Dual-purpose systems are most common in the south of Mexico, where animals feed on cultivated pastures or native grasses. Producers in this system respond to prices in both the dairy and beef markets. Approximately 75 percent of Mexico's cows are in this system, and produce around 30 percent of the country's milk.

Leche Industrializada CONASUPO (LICONSA), the parastatal company charged with distributing milk to lower income Mexicans, is currently attempting to decrease its dependence on NFDM imports, and is making an effort to source more domestically produced fluid milk. Industry sources indicate that this policy is starting to prove beneficial to some of Mexico's smaller scale fluid milk producers. In 2007 LICONSA expects to purchase around 500 million liters of domestically produced fluid milk. Currently LICONSA is paying 4.00 pesos per liter from producers.

Fluid milk production for CY 2008 (Jan.-Dec.) is forecast to increase slightly, reaching 10.35 MMT, or about 0.86 percent above the previous year's unchanged estimate. Though this growth is rather modest, it is still being realized in the face of significantly higher feed costs and retail milk prices. Mexico's milk production is anticipated to increase at a moderate rate for the foreseeable future, but not enough to satisfy increasing domestic demand.

Consumption

The CY 2008 consumption estimate for fluid milk consumption in Mexico will increase only very slightly relative to CY 2007. Direct consumer consumption of fluid milk is expected to remain basically even with CY 2007, while factory use is expected to increase by one percent. Currently Mexico's five principal dairy processors are engaged in fierce competition to supply quality dairy products to consumers. As a result, competitive pricing and an ever-growing variety of dairy products are expected to spur demand in the medium term. Health conscious consumers are also increasing their consumption of low fat and skim dairy products as the quality and variety of these products improves.

Consumer prices in Mexico are currently averaging $8.80 pesos per liter for pasteurized milk (U.S. $0.78) and $9.62 per liter of UHT milk (U.S. $0.86). LICONSA is distributing approximately 3.3 million liters of subsidized milk per day at the current price of $4.00 pesos per liter (U.S. $0.36 per liter). Although LICONSA has increased utilization of domestic fluid milk significantly, its social program continues to rely mainly on NFDM imports. In CY 2006, LICONSA is estimated to have used 420 million liters of domestically produced raw fluid milk, 51 percent more than in CY 2005. This, however, represents only 7.8 percent of LICONSA's total milk usage. Consumption of fresh fluid milk continues to be hampered by problems with sanitation, transportation, and processing capacity, but supplies and quality are improving.

Trade

Fluid milk imports for CY 2008 are forecast to remain even with the revised CY 2007 estimate. This lack of growth in imports is primarily attributable to a nearly one percent increase in domestic production. As in previous years, most fluid milk imports will go to the border cities in northern Mexico. Opportunities for sales beyond the border are limited by the cost of transporting to other areas in Mexico. The CY 2007 fluid milk import estimate was revised downward due to increased production and sales of domestically produced fluid milk. Imports for CY 2006 reflect official data.

CHEESE

Production

CY 2008 cheese production is expected to increase by roughly two percent over CY 2007. This increase in production is being driven by growing demand for cheese among Mexico's burgeoning middle class. Commercial cheese processors, particularly those using imported non-fat dry milk, continue to increase production as they strive to meet growing consumer demand for processed and restaurant products containing cheese. CY 2007 cheese output remains unchanged at 147,000 MT. Output for CY 2006 reflects official data.

Consumption

CY 2008 cheese consumption is forecast to increase by roughly 2.1 percent as a result of greater demand from middle class consumers, fast food restaurants, and food processors. Cheese consumption for CY 2007 remains unchanged from the previous estimate. Consumption for CY 2006 reflects official data.

Trade

Cheese imports are expected to increase by 2.2 percent in CY 2008 as consumers continue to develop a preference for non-Mexican cheeses. Mexico's economy, characterized by a growing middle class, is expected to continue to foster consumer demand for imported cheeses for the foreseeable future. Mexican cheese exports remain stable at 2 MT. The CY 2007 estimate remains unchanged from previous figure. Imports for CY 2006 reflect official data.

BUTTER

Production

All Mexican statistics on butter and butterfat production are combined. Butter and butterfat production for CY 2008 is forecast to increase slightly over CY 2007's revised estimate due to the expected increase in fluid milk output and improved returns to processors. The CY 2007 butter production estimate was revised upward due to increased availability of fluid milk and increased usage by the domestic baking and confectionary industries. Production for CY 2006 reflects official data.

Consumption

Combined butter and butterfat consumption for CY 2008 is forecast higher due to the expected increase in usage by the baking and confectionary industry. The estimate for CY 2007 was also revised upward reflecting increased usage of butterfat in the baking, confectionary and food processing industries. Consumption for CY 2006 reflects official data.

Stocks

Consistent with past years, no stocks are estimated due to the lack of refrigerated storage space among producers and end users. Users such as bakeries, food processors do not keep large stocks of butter.

Trade

Despite greater domestic consumption, imports are forecast to remain stable in CY 2008 due to the expected increase in domestic production of fluid milk. For CY 2007, imports also remain unchanged given the increase in domestic production. Imports for CY 2006 reflect official data.

NON-FAT DRY MILK (NFDM)

Production

Largely as a result of government programs that provide milk to lower income Mexicans, demand for non-fat dry milk (NFDM) in Mexico will remain high for the foreseeable future. As a result, MY 2008 domestic production of NFDM will increase by over 2.6 percent. However, because of limited processing capacity, domestic dairy producers still supply slightly less than 60 percent of Mexico's NFDM demand.

Consumption

NFDM consumption for CY 2008 is forecast upward by 10 percent from the previous year's estimate. This increase is being driven by population growth, greater demand from the dairy processing industry and bakeries, and use of NFDM by LICONSA. LICONSA uses 60 percent of the nation's supply of milk powder (including imports) to re-hydrate and sell milk at subsidized prices to the poor, currently at the price of $4.00 pesos per liter (U.S. $0.37). Around 35 percent of milk powder is bought by processors to make reconstituted milk, cheese, or other dairy products, and a small amount is sold by supermarkets and small retailers, while the HRI sector uses the rest. The consumption estimate of milk powder for CY 2007 remains unchanged from our previous estimate. For CY 2006 the consumption figure reflects official data.

Stocks

The majority of NFDM, both imported and domestically produced, is used for further processing. LICONSA is the main holder of milk powder stocks. In recent years, LICONSA has attempted to maintain larger stock levels in order to avoid having to import in the first quarter of the year when domestic milk production is highest. Stock levels are expected to remain steady as LICONSA seeks to reduce storage costs while maintaining enough stocks to minimize imports during the first part of the calendar year.

Trade

Total imports of NFDM are expected to grow by about 22 percent in CY 2008, from 110,000 MT to 135,000 MT. This increase follows a steep decline in NFDM imports between CY 2005 and CY 2006, which was precipitated by a spike in prices in 2006, and changes to federal policy regarding how LICONSA sourced dairy products for distribution to lower income Mexicans. This expected increased in consumption of NFDM will take place despite the fact that a global shortage of NFDM has driven prices to unprecedented levels. The current price of NFDM on the international market is in the range of $4,300 to $5,300 U.S. Dollars per metric ton; roughly double what prices were in January of 2007. The import forecast for NFDM in CY 2008 reflects the expectation that LICONSA will continue to have access to greater volumes of domestic milk, and that private industry will take advantage of the zero duty rate for milk powder and import larger volumes. For CY 2007, the NFDM import estimate remains unchanged from our previous estimate. Imports for CY 2006, reflect official data.

The spike in NFDM prices on the international market is primarily attributable to last year's drought in Australia and New Zealand, which led to lower milk production levels from those countries. This was exacerbated by rapidly growing demand for NFDM from Asian countries, which stretched the already thin global NFDM stocks. Industry sources believe that this situation will continue throughout 2007, and U.S. NFDM will continue to be traded thinly.

Through June of 2007 Mexico has imported 37,711 MT of NFDM from the United States, and 18,831 MT from other suppliers. Imports from Australia and Argentina have dropped precipitously, while NFDM imports from New Zealand, and a number of European countries, are showing significant growth relative to CY 2006.

MEXICAN IMPORTS OF NON-FAT DRY MILK POWDER (0402.10.01 QTY. MT)(VALUE MILLIONS OF DLLS)

Import Source	MT 2005	VALUE 2005	MT 2006	VALUE 2006	MT 2007*	VALUE 2007*
U.S	129,325	292.423	84,407	185.792	37,711	108.500
N.Z.	11,496	32.888	14,615	33.075	9,529	35.035
AUSTRALIA	972	2,572	5,224	14.053	549	1.727
ARGENTINA	3,365	7.515	4,684	10.261	339	0.794
CANADA	1,408	4,874	1,119	3.438	614	2.084
U.K.	2,508	5,602	525	1.189	3,230	10,848
IRELAND	0	0	0	0	1,050	3,574
POLAND	0	0	0	0	1,004	3,837
OTHERS	405	0.947	460	1.048	1,491	4,551
TOTAL	154,715	358.791	111.033	248.856	55,542	171,936

NOTE: * Data from January to June 2007
Source: World Trade Atlas, Mexico Edition, June 2007#

WHOLE MILK POWDER (WMP)

Production

Production data for WMP is not available, as official sources combine production figures of NFDM and WMP. Selected processors, including dairy cooperatives, are attempting to increase WMP production to absorb seasonal oversupplies of fluid milk, however, due to limited processing capacity Mexico will still have to complement domestic production with imports.

POLICY

A number of policy changes have taken place over the past year that have impacted the domestic, and U.S. dairy industries.

LICONSA Pricing Reform - On June 18, 2007, the new General Law of Taxes on Imports and Exports was published in the Federal Register (Diario Oficial). This new law, which went into force on July 1, 2007, allowed LICONSA to avoid a financial crisis, but came at the expense of the domestic milk producers. This law invalidated the Federal Income Law of 2007, which stipulated that LICONSA purchase 500 million liters of domestically produced milk at international prices. This requirement is no longer in force. The new law states that the LICONSA purchasing price for milk from national producers may not exceed the price that LICONSA receives at the retail level. LICONSA retail prices are set by the federal government. Therefore, LICONSA now pays $4.00 pesos per liter of milk from national producers and sells it at $4.00 pesos. If international milk prices continue to rise LICONSA will still only have to pay $4.00 pesos per liter of domestically produced milk. LICONSA purchases and sells one billion liters of milk per year, of which 447 million are purchased on the domestic market.

SAGARPA, in its attempt to appease the domestic dairy industry, which is complaining about the new law, has offered a support of $0.50 Pesos per liter over the ceiling price of $4.00 pesos paid by LICONSA. Furthermore, SAGARPA will enter into a Contract Milking Program that will give milk producers a subsidy of $0.50 cents per liter for those producers who produce up to 2000 liters per day. SAGARPA has obligated $77.2 million pesos to this program this year.

<u>Byrd Amendment</u> - In 2005 Mexico applied WTO sanctioned retaliatory tariffs on U.S. dairy exports in reference to the Continued Dumping and Subsidy Offset Act, also known as the Byrd Amendment. Those tariffs carried over into August 2006, and were reauthorized for a short period of time as part of the second round of retaliation. Those tariffs were lifted in October of 2006.

<u>NFDM Import Permits</u> - Mexico delayed its WTO and NAFTA import license commitments for NFDM for most of CY 2006. The U.S. dairy industry and FAS/OAA engaged the Mexican government regarding this issue and were successful in ensuring that the full 2006 NAFTA NDFM quota was issued in time for it to be used.

Mexico also recently established a special tariff rate quota (TRQ) of 8,723 tons specifically for milk powder from the United States. The TRQ, which runs through the end of 2007, will be allocated to Liconsa and private industry processors. The new TRQ is a positive sign for U.S. dairy suppliers and another indication that the Mexican government and domestic dairy associations understand and accept global powder market conditions (short supply/high demand/high international prices) and the provisions of NAFTA. U.S. exporters will also be eligible to ship under an additional TRQ of 17,499 tons being opened concurrently to WTO members.

<u>Import Certificate Statements</u> - Effective February 1, 2007, Mexico changed the sanitary statements required on the APHIS Certificate for:

1. Milk and dairy products (bovine origin) for human consumption; and
2. Milk substitute (bovine origin) for animal consumption.

The new required statements must appear in the Additional Declaration section of the VS form 16-4. APHIS can only endorse the certificate with the required statements, as shown on the APHIS website - http://www.aphis.usda.gov/vs/ncie/iregs/products/pr_mx.html - if provided with a notarized affidavit and, in the case of products for human consumption, supporting documentation from a qualified public health authority. Additional certification statements may be included as required by the “Hoja de Requisitos Sanitarios” (HRZ) issued by the government of Mexico for a specific product.

MARKETING

The US Dairy Export Council (USDEC) represents the U.S. dairy industry in foreign markets. The council’s staff in Mexico City provides information on all aspects of U.S. dairy product trade and use, including market intelligence on trade policy issues, organizing informational seminars for the Mexican trade, and developing promotion and sales opportunities for U.S. dairy products in the Mexican market. USDEC also organizes buying missions for potential Mexican importers/distributors to visit U.S. dairy processing plants so they can meet and see, firsthand, various U.S. suppliers and the services they offer.

Mexico is expected to continue as a significant importer of dairy products to augment domestic production. While imports are likely to consist primarily of bulk products such as NFDM, higher value products such as specialty cheeses and ice creams are also likely to find a home in Mexico's growing middle class as tastes, preferences, and shopping habits increasingly mirror those of the United States and Europe.

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Related FAS/Mexico Reports

Report Number	Title of Report	Date
MX7006	DDGS Market	1/19/07
MX7007	Mexico Announces the TRQ for Milk Powder Imports from WTO Member Countries	1/23/07
MX7008	Mexico Announces TRQ (Cupos) for Milk Powder Imports from the United States for 2007	1/23/07
MX7021	Livestock Semi-Annual report	3/15/07
MX7022	Mexico Announces the TRQ to Import Dairy Preparations for 2007	3/22/07
MX7038	Dairy Semi-Annual	5/16/07
MX7058	Mexico establishes 2007 WTO Out-of-Quota Milk Powder Imports	8/17/07
MX7059	Mexico establishes 2007 NAFTA Out-of-Quota Milk Powder Imports	8/17/07